

Virginia Museum of Fine Arts  
Draft Minutes of the Telephonic Meeting of the  
Executive & Governance Committee  
Tuesday, April 21, 2020, 4:00pm

There were present:

Monroe Harris, Jr., President  
David Goode  
Meg Gottwald  
Jil Harris  
Ken Johnson  
Jim Klaus, Ex-officio  
Lilo Ukrop, Ex-officio

Absent:

None

By Invitation:

Alex Nyerges  
Kay Baker  
Stephen Bonadies  
Caprice Bragg  
Jan Hatchette  
Tom Gutenberger  
Thomas Lunsford  
Cindy Norwood  
Katie Payne  
Hossein Sadid  
Michael Taylor  
Kimberly Wilson

I. CALL TO ORDER

Trustee President Monroe Harris, Jr. welcomed the committee and guests and called the meeting to order at 4:00pm.

II. APPROVAL OF MINUTES

**Motion:** proposed by Mr. Harris and seconded by Mr. Ken Johnson that the minutes of the March 27, 2020 meeting of the Executive & Governance Committee be approved as distributed. Motion approved.

III. DIRECTOR'S REPORT

a. Status of Museum Closing

Mr. Alex Nyerges provided an update on the COVID-19 impact on the museum regarding furloughed employees. Emails and letters were sent to 221 furloughed

employees along with update communications sent to non-affected employees, the Trustee Board, the Foundation Board, the 1936 Society, and 35,000+ household memberships. The original goal was not to furlough any employees, however, based on the structure of the CARES Act, furloughed employees would be receiving \$600 per week and the employers would be receiving half of the unemployment payments back providing a financial return to the museum.

Mr. Nyerges continued stating that Governor Northam has extended the “Stay At Home” order to June 10, 2020, which is the planning date for reopening unless there are additional updates from the Governor’s office. The museum offices remain open with most employees telecommuting. The furlough announcements coincide with the end of April and the pay period. Additionally, the museum has cancelled or postponed all events scheduled for April and May and examining post-June 10<sup>th</sup> events. Mr. Nyerges stated that the Education department has opted for an online version of the annual summer camp program. Additionally, with Governor Northam’s prohibition on large public gathering, the June 16<sup>th</sup> Annual Board Dinner will likely be rescheduled to fall 2020.

#### b. Financial Projections

Mr. Nyerges provided a financial update for FY20 ending on June 30<sup>th</sup>. He stated that while there is a \$100,000 increase in general fund support from the Commonwealth, there is also a \$752,000 decrease in earned revenue and a \$2.3 million decrease Enterprise Revenues offset by \$1.1 million in expense reductions. The Foundation applied for a PPP loan through the CARES Act which was approved for \$493,000. Expenses have decreased by \$1.6 million which is 4% lower than forecasted.

In response to an inquiry about the delay of the “Sunken Cities” exhibition into the financial recalculations from Mr. David Goode, Mr. Nyerges replied that for both FY20 and FY21, projection decreases were accounted assuming that the exhibition will not open in FY20. He also stated that Dr. Michael Taylor has been working with the organizer at the Egyptian government to secure a two month extension that will end the exhibition in March 2021 providing numerous visitor and financial benefits.

Mr. Nyerges continued with a financial update for FY21. He stated that the post COVID-19 budget recalculations decreased the original revenue budget of \$42,431,567 to \$42,192,379 with a \$239,000 decrease in expenses. This creates a gap of \$191,278 for the budget year. Mr. Nyerges stated that reserve funding could be used to sure up the budget if needed.

Mr. Nyerges stated that the immediate concern in FY20 is the shortfall in excess of \$2 billion announced by Governor Northam and Secretary of Finance Layne. He stated that there is a chance that this will adversely impact the remaining money in the state budget. To offset this possibility, the museum has \$1.2 million in state reserves as well as an additional \$800,000 in a secondary reserve from the last expansion. Mr. Nyerges continued stating that the more pressing concern for FY21 is Governor Northam’s request to make budget cuts larger than 15%. If the “Stay At Home” executive order is extended beyond June 10<sup>th</sup>, this will affect full time salaried employees—both exempt

and non-exempt—and part time employees which could trigger furloughs, lay-offs, and permanent abolishment of positions.

In response to an inquiry about budget impact scenarios from Mr. Harris, Mr. Nyerges stated that the Senior Management Team is meeting in an emergency mode on Mondays, Wednesdays, and Fridays to discuss budget scenarios with the largest impact on personnel. The Senior Management Team is reforecasting budget items weekly and creating a series of worst case scenarios as it relates to FY21. New information will be shared with the committee as it becomes available.

In response to an inquiry about there being no budget change for Food Service and Events in FY21 from Mr. Jim Klaus, Mr. Hossein Sadid stated that Enterprises based their budget projections on the success of “Sunken Cities” and the rescheduled opening date of July 1<sup>st</sup>. If there is a delay, Mr. Sadid stated that there sufficient liquidity to backstop and support the operation of the Enterprises. Based on projections, Enterprises is confident that they can continue to contribute to the museum in the range of a half million dollars. Mr. Nyerges added that because a large portion of Enterprise employees are wage, there is flexibility on assignments and hours. Mr. Goode noted that there will be additional work needed between the Joint Fiscal Oversight Committee and Mr. Sadid to account for all of the financial unknowns.

#### IV. OTHER BUSINESS/ADJOURNMENT

Mr. Goode and Mr. Harris commended Mr. Nyerges and the staff for their diligent work during this time.

There being no further business, the meeting was adjourned at 4:52pm.

Recorded by: Thomas R. Lunsford  
Executive Administrator to the Vice President of Board Relations and Strategic  
Planning